

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00 L-03
FEA-01 H-01 SP-02 SS-15 /051 W
-----018005 210158Z /14
R 202033Z JUN 77
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC 2161

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E.O. 11652: N/A
TAGS: EAIR, ENRG, CO, US
SUBJ: CIVAIR--JET FUEL PRICING

REF: BOGOTA 2511, STATE 135841

1. FOLLOWING IS TEXT OF JUNE 14 LETTER TO EMBASSY FROM JUAN UCROS, BRANIFF REGIONAL VICE PRESIDENT, TO EMBASSY (ATTACHMENTS MENTIONED IN LETTER BEING POUCHED TO ARA/AND/COL FOR DISTRIBUTION):

"ON MARCH 14 THE ATTACHED LIST OF US AND COLOMBIAN OFFICIALS MET TO DISCUSS A NUMBER OF INEQUITIES ON CHARGES AND TAXES BEING PAID BY US INTERNATIONAL CARRIERS REQUIRING THE SERVICES INVOLVED.

"AT THE CONCLUSION OF THIS MEETING IT WAS AGREED THAT A NINETY DAY PERIOD (APRIL, MAY, AND JUNE) WAS NECESSARY AND WAS SUFFICIENT TIME TO OFFER SOLUTIONS TO THE INEQUITIES AND TO ACT ON

1) REDUCTION OF JET FUEL PRICES EQUAL TO THE DOMESTIC/ INTERNATIONAL PRICE; 2) REFUNDING OF PAST DUE FUEL TAX CLAIMS; "3) THE DESIRABILITY OF ELIMINATING FUTURE FUEL TAX CHARGES; AND 4) SOME INDICATIONS AS TO PROGRESS RELATING TO OTHER EXCESSIVE CHARGES ON THE MEETING AGENDA.

"TO OUR BEST KNOWLEDGE NO RESPONSE HAS BEEN MADE TO THE US EMBASSY. NOR HAS ANY REDUCTION ON JET FUEL PRICING
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BEEN PRESENTED TO BRANIFF. FUEL TAX REFUND CLAIMS FOR APRIL 1, 1972 THROUGH OCTOBER 8, 1976, STILL ARE UNCOLLECTIBLE DESPITE REPEATED EFFORTS BY BRANIFF'S LEGAL COUNSEL AS OUTLINED IN THE ATTACHED PAPER. A MEANS TO ELIMINATE THE PROCEDURE FOR PAYMENT AND REFUNDING OF THE FUEL TAX HAS NOT BEEN EFFECTED. AND NO FURTHER INDICATION OF THE STATUS OF THE RESEARCH BEING DONE ON

USER CHARGES IS KNOWN.

"ONE MEETING DID TAKE PLACE AT ECOPETROL WHICH GAINED APPROVAL TO ALLOW AIRLINE IMPORTATION OF JET FUEL, HOWEVER THIS IS A LONG-TERM PROJECT. AFTER THE MARCH 14 MEETING, ESSO WAS ASKED BY BRANIFF TO RESEARCH THE PROBLEM, SO FAR WITHOUT SUCCESS, IN SURMOUNTING LOGISTICS OR EFFECTING ANY ACCEPTABLE COST ESTIMATES. ESSO'S REPORT IS ATTACHED.

"IT IS OUR BELIEF THAT THE UNDERSTANDING REACHED BETWEEN THE ATTENDEES AT THE MARCH 14 MEETING HAS BEEN ALLOWED TO LAPSE, AND THE SOLUTIONS PROMISED HAVE NEVER BEEN PRESENTED TO SENIOR OFFICIALS FOR APPROVAL. THIS LEAVES US ONLY TWO WEEKS FROM THE AGREED UPON ACTION DATE OF JUNE 30, WITHOUT ANY OF THE EXPECTED RESPONSE BEING SUBMITTED TO THE EMBASSY.

"IT IS, THEREFORE, REQUESTED THAT THE EMBASSY SO INFORM THE STATE DEPARTMENT THAT AS OF JUNE 15, 1977 THERE HAVE BEEN NO VOLUNTARY MOVES BY COLOMBIAN OFFICIALS TO RESOLVE THE FIRST THREE OF THE ABOVE ITEMS. THIS IS IMPORTANT AS THE STATE DEPARTMENT HAS PENDING THE CLEARANCE OF JET FUEL ALLOCATIONS AT THE FEDERAL ENERGY ADMINISTRATION FOR AVIANCA AND AEROCONDOR. BOTH ALLOTMENTS, FOR THE THIRD QUARTER OF 1977, ARE SUBJECT TO APPROVAL UPON A NOTICE OF THE RESOLUTION OF THE THREE PROBLEMS STATED ABOVE, ON OR BEFORE JUNE 30, 1977.

"FOR YOUR CONSIDERATION IS THE SUGGESTION THAT THE COLOMBIAN ATTENDEES BE REMINDED OF THEIR FAILURE TO ACT, THE DIFFICULT SITUATION THE COLOMBIAN AIRLINES LIMITED OFFICIAL USE

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FACE BECAUSE OF THEIR INACTION AND THE FORTHCOMING REPORT YOUR OFFICE WILL BE MAKING TO THE STATE DEPARTMENT."

2. PRIOR TO RECEIPT OF LETTER, E/C COUNSELOR REVIEWED LACK OF PROGRESS IN MEETING GOALS SET AT MARCH 14 MEETING WITH DRA. TERESA DE ZEA, FOREIGN MINISTRY UNDERSECRETARY FOR ECONOMIC AFFAIRS. ON JUNE 14, FOLLOWING MEETING WITH UCROS AND TOM ENNIS, BRANIFF FUEL SPECIALIST, E/C COUNSELOR AGAIN MET WITH DRA. DE ZEA TO REQUEST THAT SHE FOLLOW-UP WITH RESPONSIBLE GOC OFFICES (ECOPETROL, MINISTRY OF MINES, MINISTRY OF FINANCE, NATIONAL TAX OFFICE, COMPTROLLER GENERAL) AND PRESS FOR ACTION ON TAX REFUND AND MEASURES TO RESOLVE FUEL PRICE DIFFERENTIAL. WITH APPROVAL OF UCROS, COPY OF BRANIFF MEMO OUTLINING STATUS OF TAX REFUND WAS GIVEN TO DRA. DE ZEA. EMBOFFS WILL ALSO MEET WITH AVIANCA THIS WEEK AND WILL POINT OUT THAT APPROVAL OF SECOND QUARTER FUEL ALLOCATION WAS FILED SPECIFICALLY TO GOC PROMISE OF SUBSTANTIAL PROGRESS IN RESOLVING BRANIFF'S FUEL AND TAX PROBLEMS, THAT THERE HAS BEEN NO PROGRESS, AND THAT THIS WILL HAVE TO BE TAKEN INTO CONSIDERATION IN DECIDING ON FUEL ALLOCATION FOR THIRD QUARTER.

3. PRIOR TO HIS DEPARTURE FROM BOGOTA, ENNIS INFORMED
US THAT ONE POSSIBLE SOLUTION TO FUEL PRICE PROBLEM
WOULD BE BULK PURCHASES BY BRANIFF. BRANIFF WILL PURSUE
THIS WITH ANTONIO VELEZ, ASSISTANT TO THE
PRESIDENT OF ECOPETROL, WHEN VELEZ RETURNS FROM VACATION
WITHIN TWO OR THREE WEEKS. IF BULK PURCHASE CONCEPT
PROVES FEASIBLE AND IS APPROVED BY ECOPETROL (AND MINISTRY
OF MINES), ENNIS BELIEVES THAT FUEL PRICE PROBLEM CAN BE
RESOLVED BY THE END OF JULY. IF NOT, BRANIFF WILL RECOM-
MEND AGAINST US DOMESTIC FUEL ALLOCATION FOR COLOMBIAN
CARRIERS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, JET FUEL, PRICES
Control Number: n/a
Copy: SINGLE
Sent Date: 20-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BOGOTA05708
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770220-0593
Format: TEL
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770641/aaaabjsf.tel
Line Count: 128
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 235d827a-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BOGOTA 2511, 77 STATE 135841
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 11-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2100422
Secure: OPEN
Status: NATIVE
Subject: CIVAIR--JET FUEL PRICING
TAGS: EAIR, ENRG, CO, US
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/235d827a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009